

# FINANCIAL TOOLS FOR ENTREPRENEURS

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# WHY INVEST IN FINANCIAL TECHNOLOGY?

- Many small businesses “fly by the seat its pants” with manual systems lacking the ability to quickly and accurately monitor business health.
- Technology can help the business owner in the following ways:
  - Speed up invoicing and collection
  - Monitor business health at any point in time
  - Keep accurate and readily-accessible records
  - Quickly identify waste and inefficiencies
  - Allow the business to be scalable
  - Keep pace with competition or provide competitive advantage



# KNOW BEFORE YOU BUY

- Work with your Accountant to determine best option for your Financial Systems
  - Each business is unique, therefore you need to tailor your systems based on your unique business needs
- Preferably include Chart of Accounts, Invoicing, Inventory management (optional for some), Payroll service/interface, real reporting, full AR/AP, Tax tracking, etc.
- Consider integration needs (import/export) with other applications! – eCommerce, CRM, EDI, etc.
- Major choices: Local version, network version or cloud based service? “Free” or Licensed?



Collecting Payment

Bookkeeping

Operational Aids

# ECommerce

- Provides an ability to sell, but doesn't require a website or your own payment system.
- Good for home based businesses or as another sales channel for a retail shop.
  - eBay, sells everything, both new and used
  - Etsy, mostly arts and crafts
  - Amazon, sells new commercial products



# PAYPAL DOMINATES PAYMENTS FOR VERY SMALL BUSINESSES

- **Features:** Send/receive money from anyone with an email address
  - Customer can pay by cash or credit card of their choice
  - Fees are competitive, albeit a bit more
  - Customer financial data details only visible to PayPal
  - Creates invoices and shipping labels
  - Even includes “shopping cart” features
    - Consolidate items
    - Specify color, size, shipment method
- **Benefits:**
  - Trivial to setup with minimal upfront fees
  - Eliminates worries regarding protection of customer data
  - Easy and cheap to setup product sales on website, unless dealing with tens of items
- “Free” providers: n/a
- Market leaders: [PayPal](#)

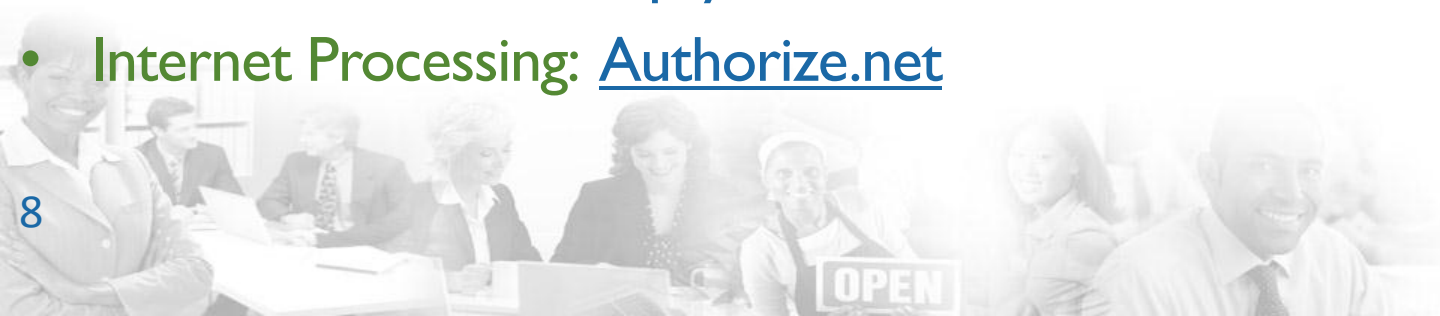
# SHOPPING CART SOFTWARE MANAGES ONLINE SALES

- **Features:** Supports websites selling hundreds of products
  - Supports the trend of shopping via the Internet
  - Consolidates items into a single payment and shipment
  - Saves purchases allowing return later to finish shopping
  - Removes products without deleting the entire order
  - Can connect online inventory to show availability
- **Benefits:**
  - Allows business to concentrate on product details, not website look-and-feel
  - Accommodates myriad customer choices (size, color, etc.)
  - Allows seller to track what customers have bought and thus know what may interest a customer for the future
- “Free” providers: [Weebly](#) incorporating [PayPal](#), [Wix](#), [Opencart](#)
- Market leaders: [GoDaddy](#), [Yahoo](#), [Homestead](#), [Shopify](#)



# MERCHANT ACCOUNTS ENABLE YOU TO GET PAID BY CARDS

- Features: Processes credit & debit cards and deposits cash in your bank account
  - You can start with your current bank, but check competitors
  - Typically involves \$1000 of card readers & receipt printers
  - Often involves monthly minimum fee
  - Requires good personal/business credit
- Benefits:
  - Invariably the lowest cost per transaction
- “Free”: N/A, but very competitive, so get bids
- Market Leader: [Worldpay](#), [First Data](#), [Intuit](#)
- Internet Processing: [Authorize.net](#)





# SMARTPHONES/TABLETS ELIMINATE UP-FRONT COSTS TO ACCEPT CREDIT CARDS

- **Features:** Card readers simply plug into headphone jack
  - Avoids \$1000 or so hardware outlay for specialized card readers/printers
  - Automatically texts a receipt to customers phone
  - Immediate transmission of credit card transaction to Merchant Account services
  - No credit check usually required
- **Benefits:**
  - Enables credit card sales for the smallest of businesses
  - Enables credit card sales for mobile workers
  - Speeds up time to record a transaction
- “Free” providers: [Square](#), [Intuit](#)
- Market leaders: [PayPal](#), ...



# POS IS MUCH MORE THAN A CASH REGISTER

- **Features: Point-of-Sale (POS) ties income to products**
  - Captures product specifics, quantities, time, and price
  - Automatically reduces inventory
  - Tracks employee productivity
  - Integrates cash and credit transactions
  - Typically cost about \$1500 per station vs. \$500 for a register
- **Benefits:**
  - Cash register just knows you sold \$xxx today
  - POS knows what products, sold when, by whom, for what price, compared to what cost
  - Projects re-order needs
- **“Free” providers:** [Regit Express](#)
- **Market leaders:** [QuickBooks POS](#), [RetailPro](#)



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# START WITH ORGANIZING FOR THE TAX MAN

- The IRS only cares about 21 categories of expenses

- ✓ Cost of Goods Sold
- ✓ Returns and Adjustments
- ✓ Advertising
- ✓ Car and Truck Expenses
- ✓ Commissions and Fees
- ✓ Contract Labor
- ✓ Employee Benefits
- ✓ Insurance (not health)
- ✓ Interest (mortgage, etc.)
- ✓ Legal and Professional Services
- ✓ Office Expenses
- ✓ Rent or lease of business equipment
- ✓ Rent or purchase of business space
- ✓ Repairs and Maintenance
- ✓ Supplies
- ✓ Taxes and Licenses
- ✓ Business Meals and Entertainment
- ✓ Business Travel
- ✓ Utilities
- ✓ Wages – including your own
- ✓ Other Expenses – not covered above



- Our first technology recommendation is a Pendaflex folder
  - Just save all your receipts into one of these categories
  - Doesn't matter how frequently
- As you move to simple software, e.g., Quicken Home & Business, that's still all you *must* track
- More granular detail and time phasing is *your* choice for improved visibility

# GENERAL LEDGER IS YOUR FINANCIAL FOUNDATION

- Features: What most laypersons would call Bookkeeping
  - Financials
  - Budgeting
  - Cash Flow
  - Balance Sheet
  - Income Statement
- Benefits: Insights into “making payroll”, debt repayment, etc.
  - Bankers: cash flow
  - Owners: profitability
  - Visibility enabling control of overhead expenses
  - Investors focus on leveraging ratios

“Free” providers:

[NolaPro](#) [TurboCASH](#) [BSI General Ledger](#)

Market leaders: [QuickBooks](#), [Sage](#)

# MANAGE SUPPLIERS & CUSTOMERS WITH ACCOUNTS PAYABLE/RECEIVABLES

- **Features:**
  - Track vendors and payables
  - Pay bills and track money due
  - Invoice customers
  - Track basic customer data
- **Benefits:**
  - Accounts receivables: quantity of cash, goods, or services owed to a business
  - Accounts payable: money which a company owes to sellers for products and services
  - Customer data and customer buying information can be key to developing reselling or new product offering leads
  - Alarms & triggers maximize retained cash while also maximizing payment discounts
  - Aging reports enable focus on most delinquent payees
- “Free” providers: [TurboCASH](#), [NolaPro](#)
- Market leaders: [QuickBooks](#), [Sage](#)

# WITH EMPLOYEES COMES PAYROLL

- **Features:**
  - Track hours: working, idle, vacation, sick, ...
  - Track tasks: per product, per client, per project
  - Collection of health benefit premiums and employee contribution to their IRA fund
  - Calculate various taxes
  - Annual government reports
  - Pay Employees
- **Benefits:**
  - Data (hours and task tracking) can be key indicators of employee performance
  - Timely payment of payroll taxes to the government
  - Timely development of annual earning reports for the employee
  - Facilitates insurance carrier audits re liability and workers comp premiums
- “Free” providers: [TimeTrex](#)
- Market leaders: [ADP](#), [Paychex](#), [Intuit](#)

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# INVENTORY MUST BE MANAGED

- **Features:**

- Track products, material, WIP
  - Recommend being selective since not all are worth tracking
  - Focus on high dollar value, long lead time, items key to product delivery
- Cost versus selling prices
- Where purchased and/or used
- Monitor “turns”

- **Benefits:**

- Manage the asset value of the inventory
- Help identify the Economic Order Quantity for each asset in the inventory
- Provides tools to effectively support a periodic physical inventory with method to manage the discrepancy from an accounting perspective

- “Free” providers: [InFlow](#), [InventoryManager](#), [POS Maid](#)

- Market leaders: [InFlow](#)

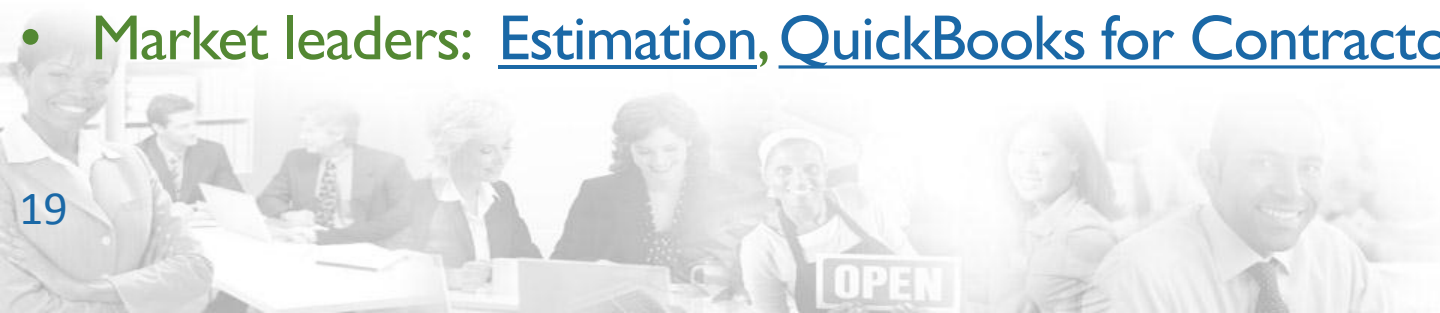
# TIME & BILLING IS KEY TO SERVICE BUSINESSES

- Features: Key to professionals and skilled tradesmen that bill customers for “time & material” (T&M)
  - Track hours to specific customers/projects
  - Track hours by employee
  - Compare true costs to individual prices
- Benefits:
  - Over time, enables refined job costing and project estimates
  - Provides the ability to track profitability at the job/project level
  - Enables tailoring of estimate and invoice formats per client desires
- “Free” providers: [Toggl](#), [TimeTrex](#), [MakeSomeTime](#)
- Market leaders: [Kronos](#), [Replicon](#), [BillQuick](#)



# A JOB COST SYSTEM IS KEY TO PROFITABLE PRICING

- Features: Key to contractors that bid and bill on a “fixed price” basis
  - Track detailed labor, material, and subcontractor expenses
  - Develop a detailed data base of actual costs at the job/project level
- Benefits:
  - Avoid huge losses
  - Use historical data to better estimate new projects
  - Provides ability to track actual costs to estimated costs at the job/project level
- “Free” providers: [Job Costing Tracking](#)
- Market leaders: [Estimation](#), [QuickBooks for Contractors](#)



# INTEGRATED SOFTWARE

- Quite fully featured overall
  - Like most jack-of-all-trades, it is sometimes the master of none
  - Few small businesses actually make use of many, much less most, all its features
- Avoids data re-entry because it's integrated
- QuickBooks is the clear market leader
  - Lots of proficient QuickBooks users for help when needed
  - Lots of affordable training available, including from SCORE
- Other integrated offerings include Sage50 nee Peachtree, Sage DacEasy as well as the “free” NolaPro.
- Yet others, many cloud-based, include FreshBooks, Outright, FreeAgent, AccountEdge, Xero, WaveAccounting

# FINANCIAL TECHNOLOGY SUMMARY

Type	General Ledger	Accounts Payable/Receivable	Expense-Related	Payroll	Inventory	Time & Billing	Job Cost System	CRM	Merchandise Account	Revenue-Related	Online Collection	Shopping Cart
Startup	★											
Lots of Suppliers	★	★										
Employees	★			★								
Dozens of Items	★				★							★
Services Only	★					★			★			
Retail	★				★					★		
Service & Product	★				★	★			★			
Contracting	★						★					
Job Shop	★						★					
eCommerce	★											★
"Free" Specialized	NCH Express	Turbocash	Time-Trex	POSMaid	Toggl	JobCost Tracking	Insightly	N/A	Square	Lemon	Open-cart	
Market Leader	Quick-Books		Pay-Chex			Kronos	Estimation	ZOHO-Office	First Data	PayPal	Retail-Pro	Shopify
Integrated, e.g., QuickBooks	★	★	★	★	★	★	★	★	★	★	★	

Need Depends on Business Type

Features & Benefits for Each Financial Function

"Free", Market Leader, & Integrated Software to Consider